

**Senate Budget and Fiscal Review Subcommittee #4 on
Legislative, Executive, Judiciary, Transportation, and
General Government**

**Senator Joseph Dunn, Chair
Senator Dick Ackerman
Senator Denise Ducheny**

**Wednesday, May 7, 2003
Upon Adjournment of Banking,
Commerce & International Trade Committee
Room 3191**

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**Proposed Consent Calendar
(Approved as Budgeted)**

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0890 Secretary of State

Issues

1. Vacant Position Funding. DOF eliminated 24 positions and \$1.3 million dollars from this budget pursuant to Control Section 31.60. Of this amount, 19 positions and \$1 million were associated with the Business Fees Fund (BFF). Pursuant to Control Section 31.70, DOF restored the maximum of \$510,000 (BFF) in the current year.

The budget proposes to augment the budget by \$200,000 to address the backlog from enactment of AB 55, which requires corporations to file annual, rather than biennial, reports with the SOS. The bill also requires that the information collected must be open to public inspection and that this information be available on an online database.

The LAO recommends deleting the \$200,000 augmentation because additional funding for the backlog has been approved.

2. Filing Fees on Common Interest Development Associations.

There are estimated to be more than 30,000 common interest development (CID) associations in California. Chapter 1117, Statutes of 2002, requires all CID associations to biennially file basic information with the SOS's office in order to gain a better understanding of the type and number of CID associations in the state.

To cover the costs associated with the new filings, a filing fee of up to \$30 on each association is authorized. The Secretary of State originally proposed setting a filing fee on CID associations at \$30. The Secretary of State has agreed to a filing fee of \$15, which is expected to generate \$225,000 in 2003-04. The budget proposes only \$61,000 in expenditures related to the filings. While the identified costs seem reasonable, the SOS has been unable to identify any other costs associated with Chapter 1117.

The LAO recommends that since only \$61,000 in new costs is budgeted that budget bill language be adopted to limit the fee to \$5, which would generate about \$75,000.

Consent Issue

3. Finance Letter: Address Confidentiality Program. This Finance Letter requests \$75,000 (GF) and 1 position on a two-year limited-term basis due to enactment of Chapter 380, Statutes of 2002, which expanded the Address Confidentiality Program for Victims of domestic Violence and Stalking to include employees of women's reproductive health service providers.

1111 Bureau of Automotive Repair

Issues

1. Smog Check II Program – Telephone Referral System for Test-Only Stations. BAR has a web site with information by zip code or city regarding test-only stations. The information is available only in English. The Department of Consumer Affairs (DCA) has an 800 number that provides a list of three randomly selected stations by zip code. From 8 a.m. to 6 p.m. on weekdays, you can talk to an individual in either English or Spanish.

The Subcommittee requested the Bureau to report on the telephone referral system.

Consent Issues

2. Loan from the Vehicle Inspection and Repair Fund. The budget act authorized a loan from the Vehicle Inspection and Repair Fund to the General Fund of \$5 million in 2001-02 and \$100 million in 2002-03. The budget proposes an additional loan to the General Fund of \$5 million in 2003-04. This will leave an ending balance of \$22.5 million on June 30, 2004.

Increase the loan to the General Fund from \$5 million to \$14 million.

1111 Office of Privacy Protection

OPP was funded at \$755,000 (GF) in 2001-02 and \$860,000 (GF) in the current year. The current year funding reflects a reduction of \$212,000 included in SB 19X that was approved by the Senate on February 24. The proposed budget of \$527,000 includes a reduction of \$529,000 and 1.4 PYs. This is a reduction from 7.1 PYs to 5.7 PYs or nearly 20 percent.

Issues

1. Identity Theft Detail of the Southern California High Tech Crimes Task Force.

The budget proposes the elimination of 1 Senior Investigator and 0.5 Staff Services Analyst position for savings of \$99,000 (GF). The investigator investigates identify theft cases and serves as OPP's liaison to the Task Force. This is the only investigator position for OPP. OPP will have to rely on local law enforcement to investigate identity theft cases.

Should the investigator position be eliminated?

2. Consumer Information and Education Programs. The budget proposes a reduction of \$414,000 (GF) or 41 percent of OPP's total budget to reduce funding for consumer information and education programs. This budget was reduced by \$212,000 in SB 19X. OPP will continue to provide the public with information and assistance by relying on the Internet web site and Public Service Announcements. OPP contends that individual assistance to identity theft victims and others with privacy concerns will be provided through e-mail and a toll-free telephone line.

What about consumers who want information without using the Internet either because they do not have access to the Internet or because of privacy concerns?

0650 Office of Planning and Research

The Office of Planning and Research (OPR) provides policy research for the Governor on land-use, growth planning issues and California Environmental Quality Act provisions. The budget proposes total expenditures of \$54 million, of which \$4.2 million is from the General Fund.

Issues

1. Cesar Chavez Day of Learning Grants. The December Revision proposed that the \$5 million annual appropriation for Cesar Chavez Day of Learning Grants be reduced by \$4,750,000 in 2002-03. The Senate rejected this proposal by not adopting the trailer bill language.

The budget further proposes trailer bill language suspending the grants for the 2003-04 through 2005-06 fiscal years.

Consent Issue

2. Finance Letter: Transfer of Positions. This Finance Letter requests the transfer of eight positions from Teale Data Center to OPR. **The LAO** has no concerns with this request.

1700 Department of Fair Employment and Housing

The objective of the Department of Fair Employment and Housing (DFEH) is to protect the people of California from unlawful discrimination in employment, housing, and public accommodations, and from the perpetration of acts of hate violence. The budget year expenditures are proposed at \$16.6 million (\$12.6 million GF), which is a decrease of 24 percent from the current year.

SB 19X reverted \$837,000 (GF) and 9 PYs related to vacant positions and an additional 11 positions as part of a five percent reduction as proposed in the budget. One-time federal funding from HUD in the current year provided an augmentation of \$1.6 million to process housing cases.

Issues

1. Workload. The budget proposes to reduce the budget by an additional \$3.1 million (GF) and 45 PYs, equal to about 20 percent of the staffing of the department. The department has a mandate to investigate cases within 365 days. After 365 days, DFEH loses jurisdiction. The complainant's only recourse is to obtain legal representation.

The budget proposes to close two district offices (San Bernardino and Ventura). It would also reduce staff from 21 to 13 at the Los Angeles district office.

The table below shows the number of cases filed, authorized and filled positions, and average caseload for employment-related issues.

Fiscal Year	Cases Filed for Investigation	Authorized Positions	Filled Positions	Average Caseload	Cases Exceeding 365 Days
1999-00	9,254	127	108	86	14
2000-01	8,865	127	102	87	22
2001-02	9,620	108	95	101	68
2002-03 <u>1/</u>	10,374	103	101	103	65
2003-04 <u>2/</u>	11,183	80	80	140	--

1/ The 2002-03 estimates are based on the first seven months of the year. The actual number of filled positions is lower now because staff is accepting other employment in anticipation of the proposed reduction in staff in the budget year.

2/ The 2003-04 estimates assume the same increase in filings from 2001-02 to 2003-04 (between seven and eight percent).

8260 Arts Council

The California Arts Council budget was funded at \$49.7 million (\$47.9 million GF) in 2001-02 and \$21.5 million (\$19.6 million GF) in the current year. Most of this reduction (\$20 million) was attributable to the elimination of funding provided for district-specific projects. In addition, local grants were reduced by \$9 million. The budget proposes expenditures of \$13.6 million (\$12.0 million GF) in the budget year.

Issues

1. Arts in Education Program. Under the program, the state assists artists and arts organizations to enhance the capacity of California schools to teach the arts and to use the arts to teach other subject matters. The budget provided \$6.8 million (GF) in grants for this program in 2001-02 and \$6.2 million (\$5.7 million GF) in the current year. The budget proposes to reduce this amount by \$3.0 million (47 percent) to \$3.3 million (\$3 million GF) in the budget year.

2. Organization Support Grants. This program provides matching grants that leverage local private and public dollars for over 800 arts organizations throughout the state. Grants for this program were funded at \$9.7 million (GF) in 2001-02. The current year funding is \$5.8 million reflecting a \$2 million unallocated reduction. The budget proposes to reduce funding by \$2.8 million (47 percent) for grant funding of \$3.0 million in 2003-04.

The December Revision proposed to reduce the Multicultural Arts Program by \$102,000 in the current and budget year. SB 15X (the first budget correction bill passed by the Senate) did not include the \$102,000 current year reduction. SB 19X (Chesbro) included a reduction of \$102,000 in the current year.

3. Artists in Residence Program. The Artists in Residence Program uses art professions to work with K-12 public school students and other Californians in mental health, drug prevention, youth at risk, day care, latchkey, and other community programs to promote critical thinking self esteem, and to provide positive role models. The program was funded at \$4.8 million (\$3.7 million GF) in 200-01 and \$2.6 million (\$1.9 million GF) in the current year. The budget proposes expenditures of \$1.7 million (\$1.1 million GF). The \$600,000 reduction is all local assistance.

4. Simon Wiesenthal Museum (Tools for Tolerance). This grant program was funded at \$2 million (GF) in 2001-02. The December Revision proposed to reduce this program by \$100,000. SB 15X (the first budget correction bill passed by the Senate) did not include the \$100,000 current year reduction. Chapter 3, Statutes of 2003-04 First Extraordinary Session (SB 19X, Chesbro) included the \$100,000 current year reduction.

The budget proposes to reduce the 2003-04 funding by \$200,000 to \$1.8 million (10% reduction).

Consent Issue

5. Finance Letter: Restore Federal and Special Fund Authority. The budget proposed reductions to all local assistance funding for CAC. This Finance Letter requests restoration of \$85,000 (federal funds) and \$287,000 (Graphic Design License Plate Account).

Proposed Consent Calendar (Adoption of Finance Letters and Other Actions)

0750 Lieutenant Governor

Consent Issue

1. Finance Letter: Technical Correction. The Finance Letter requests reinstatement of nine positions that were incorrectly deleted pursuant to the Control Section 31.60 (vacant positions).

0845 Department of Insurance

Consent Issue

1. Finance Letter: Technical Correction. The budget was reduced by 31 vacant positions, but the budget inadvertently reduced 43 positions. This Finance Letter requests the authority for 12 positions to correct a technical error in the vacant position reduction.

0860 Board of Equalization

Consent Issue

1. Finance Letter: Permanent Reclassification of Positions. The 2001 Budget Act authorized BOE to reclassify 50 tax auditor positions to tax collection positions in order to generate additional sales and use tax revenues through increased tax collections. This authority expires June 30, 2003. BOE asserts that the reclassification has resulted in increased revenues of \$8 million (GF) and \$2 million (local).

The Finance Letter requests that this reclassification be made permanent.

1130 Board of Architectural Examiners

Consent Issue

1. Finance Letter: Increased examination Costs and Caseload. The Finance Letter requests \$115,000 (Architectural Examiners – Landscape Architects Fund) for increased examination contract costs and caseload.

1450 Board of Psychology

Consent Issue

1. Finance Letter: Decreased Administrative Costs. Requests a reduction of \$365,000 (Psychology Fund) to reflect administrative cost savings for converting the Professional Practice in Psychology examination to a computer-based format.

2780 Stephen P. Teale Data Center

The budget proposes \$93 million in expenditure authority for the Teale Data Center (TDC) in the budget year. TDC provides information technology services to numerous state agencies that reimburse the data center for its operational costs. This is a \$2.9 million (3 percent) increase over current year expenditures.

Consent Issues

3. Finance Letter: Transfer of Positions. This Finance Letter requests the transfer of eight positions from Teale Data Center to OPR. **The LAO** has no concerns with this request.